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The
LUMBERMAN'S
GUIDE
To
EXPORTING

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ROCKY MT. FOREST & RANGE
EXPERIMENT STATION



Northeastern Area
State & Private Forestry
U.S. Department of Agriculture
Forest Service

FOREWORD

Of necessity, publications that deal with the marketing of forest products must be written in terms of trends and projections, rather than in specifics. This Guide cannot be used to make a specific immediate decision about entering the export market. Our intent is to give the average wood-products firm a glimpse of exporting, to provide a basis for appraising the foreign market, to explain fundamental marketing practices, and to outline the procedures usually followed in selecting and capturing such markets. Even though specific market and price information presented in the Guide is already out of date, the methods used to obtain such information remain valid. By using the source materials presented, the potential exporter of domestic wood products should be able to determine where foreign markets exist and how to penetrate them in a profitable way.

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Introduction

Excluding pulp and waste paper, 1.2 billion dollars worth of wood products was exported by the United States during calendar year 1975. The value of wood imports for the same period was slightly less than a billion dollars. Exporting means increased profits for the domestic lumberman, as well as the creation of jobs for Americans. Exporting broadens our economic base, increases fiscal activity and, ultimately, strengthens the United States international trade posture. Since the forest-products industry depends on one of the country's renewable resources, a vigorous export program should stimulate better forest management, leading to the development of forests characterized by healthier, faster-growing timber. Some timber in remote parts of the United States is too far removed from domestic markets to be utilized economically, yet is close enough to foreign markets to warrant being exported.

In addition to exporting, there are several other ways for American producers to reach foreign markets: manufacturing all or part of a product abroad; having a product manufactured abroad by a foreign company under contract; licensing of products or processes to foreign manufacturers; entering into joint ventures with foreign companies; and, establishing wholly owned foreign subsidiaries. Each of these ways may have distinct advantages over exporting in the case of a particular product or situation. For several reasons, however, exporting is the first choice and, in many cases, also the ultimate choice for capturing a foreign market. By exporting, relatively small firms minimize risk and avoid extensive investment of foreign capital. Through exporting, one can often use existing facilities to produce additional products without increasing fixed costs. In any case, exporting provides an initial means for gaining experience in foreign markets; such experience may lead to other arrangements. For these reasons, we shall limit our discussion to the

opportunities offered by exporting. Anyone interested in pursuing other alternatives should consult the bibliography in Appendix A.

Assessment of Export Potential

A logical first step in deciding whether to enter the export market is to assess the export potential. What are the current trends in the forest products industry? It is essential to analyze such factors as prices and costs, sales growth and profitability, competition from other firms, products and imports, and industry mergers and acquisitions. These considerations, coupled with a review of general economic conditions, will help to highlight the opportunities or pitfalls that can accompany entry into a foreign marketplace.

The next step is taking a hard look at one's own operation. What is the company's present share of the market? How do the company's costs, sales, and profit margins compare with those for the industry as a whole? What is the company's financial condition with respect to assets and obligations? Are assets generating enough sales? Are outstanding loans being adequately covered by profits?

Entering the export market requires additional money and time and involves an increased risk. How will these factors affect your firm? Are your manufacturing and distribution capacities adequate to handle the expected increases? Will the amount and distribution of labor, the overhead, and the direct costs remain in proper balance? Are the company's managerial and technical capabilities adequate or do they need to be increased?

Do the company's current and future resources afford the time, capital, experience, technology, planning, reputation, and support services needed to enter the foreign market? Is this the right time to commit these resources to the export market. Is there really a desire to make such a commitment?

The fact that your product satisfies consumers' needs in the United States does not necessarily mean that it will sell abroad. In the case of lumber, requirements for species, size, moisture content, and grade will probably vary for different consumers. One must analyze the consumer's requirements and determine whether one is capable of satisfying them. What makes your lumber more desirable than that of your competitors? Who are your competitors, both in forest products and in alternate products, such as composite materials, steel, plastics, etc.? Are there any special packaging and shipping requirements? If you succeed in entering the export market, your domestic markets will surely be affected. Are you willing to accept whatever trade-offs may be required?

Market Selection

Choosing world markets doesn't have to be difficult or time consuming, if one approaches the task systematically. Many countries can be ruled out immediately if your product (e.g. lumber) is not marketable in them, perhaps because species, size, or grade is not appropriate. On the other hand, it is important to understand the customer's needs before ruling out a market. The species you can supply may be as good as or better than the species specified by the customer, but you must be familiar with the customer's needs before you can recommend a substitution.

The most important source of information concerning the export of lumber or of any other product is the U.S. Department of Commerce. The Commerce Department maintains 43 district offices throughout the United States, each staffed by specialists in international trade. It behooves any lumberman who is considering entering the export business to contact the district office closest to his mill. All district offices of the Commerce Department are listed in Appendix B.

Economic and trade statistics can be very helpful in identifying possible foreign markets. There are numerous sources of such statistics; five are cited in Appendix A. One of the best sources is the Bureau of the Census monthly *Foreign Trade Report FT-410, U.S. Exports-Commodity by Country, Schedule B*. This listing by Standard Industrial Classification (SIC) categories of all U.S. exports to foreign countries shows both the

quantities and dollar values (f.a.s.) of exports to each country monthly and cumulatively for the current year. These reports are on file in Department of Commerce field offices and in many libraries. A subscription may be purchased through the Superintendent of Documents, Washington, D.C..

Appendix C, itemizes 64 SIC classifications of wood products and shows for each, in descending order of export value, \$100,000 or more in 1975. Also shown is the average FAS (Free Alongside Ship) export value per unit of product paid during 1975. FAS value at the U.S. port of export is based on the contract price, including inland freight, insurance, and other charges incurred in placing a product alongside a ship at a U.S. port.

Table 1 lists the 13 countries that have purchased from the United States 20 million board feet or more of lumber and products since 1967, and shows the volume of 1974 exports to each.

In 1974, a total of 90 countries imported lumber from the United States. Of these, 73 imported more than 100,000 board feet each. Since 1967, 126 countries have imported lumber in some quantity from the United States.

Lumbermen can obtain leads to overseas companies interested in international trade from such

Table 1: 1974 U.S. Exports of Lumber and Wood Products By Principal Destinations

Country	Thousand Board Feet (MBF)
Japan	573,942
Canada	522,313
Australia	119,895
Italy	116,685
United Kingdom	81,685
Mexico	74,952
West Germany	33,015
Belgium	26,869
Spain	21,992
Netherlands	17,538
Peru	11,538
Bahamas	11,285
Korea	637
TOTAL	1,612,346

trade journals as *Northern Logger*, *Southern Lumberman*, and *Forest Industries Magazine*, as well as from such market publications as *Hardwood Market Report* and *The Lumberman's Green Book*. Domestic lumbermen may also subscribe to the Department of Commerce's Trade Opportunities Program. Under this program, a domestic trader is entitled to as many as 50 inquiries that the Department of Commerce has received about the product he wishes to export. There is no guarantee that these inquiries are sincere in intent and will actually generate a purchase order from the foreign buyer. Many times, foreign buyers of American wood products use the inquiry method to determine whether they can get what they need at a lower price. It has been estimated that as many as 70 percent of trade opportunity inquiries are of this nature.

Appendix D provides an example of an inquiry available to subscribers to the Trade Opportunities Program.

Several incentives available to exporters can influence their choice of markets. The United States is one of approximately 30 countries participating in a carnet (system) that allows certain advertising, promotional, scientific, and professional equipment to be brought into member countries without the payment of duty and taxes. Carnet membership is available from the U.S. Council, International Chamber of Commerce, 1212 Avenue of the Americas, New York, N.Y. 10036.

To encourage and facilitate international trade, approximately 100 free ports and free-trade zones have been created in 40 countries. Both free ports and free-trade zones allow American companies duty-free privileges for receiving and reshipping merchandise. The 18 foreign-trade zones that exist in the United States eliminate some duties, accelerate the granting of export status (thereby facilitating the rebate of excise taxes), and remove some quota restrictions. Information about free ports, free-trade zones, and foreign-trade zones may be obtained from any of the Department of Commerce district offices.

The Internal Revenue Code contains two provisions that provide tax advantages to U.S. firms exporting American goods, because these provisions are not market-exclusive, they do not assist in a seller in selecting a market, but they do provide an incentive to export. The seller must qualify for district corporate status, either as a Domestic International Sales Corporation (DISC) or a

Western Hemisphere Trading Corporation (WHTC). The International Revenue Service and legal counsel should be contacted for assistance in establishing either type of corporation.

The extent and degree of regulation and restriction imposed on export sales by a foreign government will certainly affect one's decision to consider a specific market. Such restrictions as tariffs, duties, and quotas, in effect, reduce the profit on exports. Tariffs and duties may be based on value or quantity of the product, or both. Quotas are restrictions on the amount of a certain item that may be imported during a specific period. Licenses or import permits are used to regulate quotas, e.g., preferential treatment may be given in the granting of licenses or imports may, in effect, be banned by failure to issue a license. An exchange permit is a form of import license that rations currency and manipulates exchange rates, rather than regulating the product.

Non-tariff barriers (NTB) provide foreign countries with yet another mechanism for regulating commerce. The withholding or denial of essential materials, the formation of cartels dealing in the same or other raw materials or products, stringent or preferential government procurement practices, the granting of export and domestic subsidies, the imposition of variable levies, or discriminatory taxes, customs valuation practices, product standards, and such outright retaliatory measures as burdening or confiscating U.S. investments abroad may all influence the choice of country in which one does business.

The Guide to Sources of Foreign Trade Regulations, published by the International Trade Center, General Agreement on Tariffs and Trade (GATT), Geneva, Switzerland, contains information on customs, border and excise taxes, quotas, licenses, standards, and other trade regulations.

Market Evaluation

After possible markets have been identified, each has to be evaluated. Background information on a country may usually be found in the many readily available U.S. Government publications. The Department of Commerce prepares a substantial amount of foreign-market information, it also maintains libraries and furnishes bibliographies of printed materials. Many foreign governments publish literature about their countries

in order to encourage trade. Consulates, consulates general, and foreign chambers of commerce are likely sources of such information.

In addition to general information about the country in question, background information about that country's forest products industry is essential. The International Trade Center can furnish the results of many studies of both countries and products. The Department of Commerce also performs research in advance of its trade shows; exhibitions and fairs, and makes results available, along with other information that includes in its Checklist and Export Market Guides.

As stated earlier, what sells well in the United States will not necessarily sell in foreign markets. Even though the end use of lumber in a foreign country may be the same as that in the United States, consumer needs, habits, and attitudes will affect the sale. It is worth remembering that one's ability to sell is entirely dependent on the consumer's willingness to buy.

Who is that consumer? Where is he located? What are his habits? Answers to the first two questions are data, the sources of which have already been identified. Consumer habits and attitudes can be learned from existing distributors, sales outlets, etc. Many sales outlets belong to one or more associations, just as in the United States, and are sources of information. The International Trade Center publishes a World Directory of Industry and Trade Associations.

The problem of identifying consumer habits and attitudes is even more critical in the case of secondary manufactured or processed products than for lumber. The more modification a product undergoes, the more critical it is to know the consumer's habits and attitudes.

It is well to be informed about one's competitors, their companies and their products alike. Comparing competing companies with respect to strengths and weaknesses, products, tactics, and marketing strategies assist one in determining how successful a new business might be. Possible competition from the United States and other exporting countries, as well as from within the market nation, should be analyzed. World business directories and export directories are extremely useful sources of information about competitors; these directories are most likely to be found in the hands of consultants and foreign chambers of commerce. Credit directories are published by Dun and Bradstreet. The Department of Com-

merce publishes trade lists, fair catalogs, and World Trade Directory Reports.

Export magazines and trade publications will identify potential competitors as well as provide some insight into their products and parent companies. Most of the larger, publicly traded companies publish annual reports and investment analyses.

It is easier to evaluate a competitors' products than his organization and strategies. Lumber is more easily evaluated than is a wood product. Purchasing a competitors' products, obtaining samples and catalogs, and visiting trade fairs all provide valuable information about competitors.

Market evaluation, then, includes definition of the size and growth potential of the market and determinations of the competitors' share of the market, one's probable rate of return based on volume, price, and costs, and the amount of risk one is willing to assume to enter a foreign market.

Sales and Distribution Channels

The sale and distribution of forest products can be conducted through a domestic marketing organization, through direct export, or through indirect export. In the simplest arrangement, the buyer for export is treated as a domestic customer and is served by the domestic sales force. Buyers for export may purchase exclusively for the export market or may dabble in the export market while their major interest remains in domestic operation. They may operate independently and speculate on resale to foreign customers or they may operate under contract to clients abroad. The buyers are paid commissions and, frequently, a retainer as well. Buyers for export provide a useful alternative for the small firm that has neither the desire nor the capability to do its own developing of a foreign market, yet wishes to export.

Direct export, which involves direct contact of the seller with overseas customers or with foreign representatives located abroad, may be accomplished in several ways. Large firms may operate sales offices, branches, or subsidiaries abroad, but the cost of such operations is often prohibitive for smaller firms. Sales directly to a foreign end user are hazardous, because they require that both parties be thoroughly familiar with all the foreign trade regulations, restrictions, and peculiarities common to overseas shipments.

Another means of direct exportation involves the use of a foreign sales representative, agent or, as we know it domestically, a manufacturer's representative. This representative may be an export salesman, importer, distributor, retailer, wholesaler, jobber, merchant, broker, or foreign manufacturer. An export salesman, in effect, extends one's domestic sales program overseas. The other terms listed above mean different things to different people. To avoid confusion, we shall refer to all foreign intermediaries as foreign representatives.

A foreign representative sells on commission basis and assumes no risk. In some cases, it may be desirable for the representative to buy for his account and maintain an inventory. He may represent one client exclusively or several clients simultaneously. Foreign manufacturers will normally act as representative for a product that complements one of their own.

Locating, identifying, and selecting a foreign representative is a time-consuming, but critical matter for a successful export program. Many services and sources of assistance are available to the exporter in finding the right foreign representative. Service provided by the Department of Commerce include: Agent Distributor Service (ADS); Trade Opportunities Program (TOP); and Export Contact List Services, which include Export Mailing List Service (EMLS), Foreign Traders Index-Data Tape Service (FTI-DTS), trade lists, a listing of "State-Controlled Trading Companies," and lists of business firms. Other sources of assistance are commercial newsletters and trade magazines, commercial banks, ocean freight carriers, airlines, port authorities, chambers of commerce, export magazines, and foreign consulates.

Indirect export uses an independent export representative, located in the United States, to act as an intermediary and, normally, to assume responsibility for moving the product overseas. Among the types of organizations that are effective as intermediaries, but have complete control of a seller's export program, are importers located in the United States, domestic manufacturers with export departments, and export management companies. Alternatively, export merchants purchase a product and market it overseas, whereas agents act as the manufacturer's representative; in both cases, the risk remains with the manufacturer. Foreign firms also purchase through

commission agents, and foreign governments purchase through governmentally or quasi-governmentally controlled buying agents. Most small firms employ as an intermediary an Export Management Company (EMC), which may be a one-man operation or a firm that acts as the export department for a number of different companies. An EMC solicits and transacts business in the names of the manufacturers it represents and receives a commission, salary, or retainer plus commission for its services. An EMC may also finance the export sales, thus assuring immediate payment to the manufacturer.

Because an EMC works for a number of clients, overhead and travel costs can be shared and the cost of doing business is reduced proportionately for each firm. An EMC offers flexibility in buying, re-selling, and extending credit. By maintaining an inventory, an EMC provides stability, is able to control credit, can generate capital, and expedites shipments. The EMC concept is a good arrangement for small firms that lack the personnel or financial resources needed to develop foreign markets independently.

The potential exporter can obtain the names of EMC's from several sources. The National Federation of Export Management Companies, P.O. Box 7612, Washington, D.C. 20044, will send a list on request. The *American Register of Exporters and Importers* may be purchased from Johnston International Publications, 90 West Broadway, New York, N.Y. 10005. The same company also publishes the periodical *American Exporter*. Dun & Bradstreet, Inc., publishes *Business Abroad*; both publications list EMC's. The Department of Commerce, Small Business Administration, and commercial banks and chambers of commerce will also supply names upon request. Some export companies can also be found listed in the yellow pages of telephone directories.

In selecting the EMC, the potential exporter should consider the following questions: What clientele is currently represented by the EMC; how many clients does the EMC have; what volume of business is handled by the EMC; how do clients rate the performance of the EMC; what is the quality of management and what are the qualifications of the staff; what is the financial status of the EMC; what international coverage does the EMC provide; what share of related markets does the EMC possess?

Pricing the Product

Proper pricing of the product is the single most important factor in determining whether the seller makes a profit or is forced out of the international market. How should selling prices be determined?

Most new exporters base the price of their product on the domestic price, adding to it the costs of freight, packaging, insurance, etc. This procedure can be used if no better way to determine a competitive price is available.

A second method of pricing, one based on incremental costs, is known as *marginal cost pricing*. It is used when a surplus production capacity exists and domestic prices are not competitive abroad. The three elements that determine the minimum price for selling abroad without a loss are: (a) out-of-pocket costs of producing the surplus product; (b) costs of selling in the foreign market, including salaries, travel, advertising, promotion, credit, and other direct expenses; and, (c) costs related to movement of the product from the mill to its final destination, including insurance, tariffs, shipping, warehousing, commission, and margins. The sum of these costs constitutes the final price to the consumer. Use of this method is valid, however, only if the foreign selling price is higher than the domestic price, and if production exceeds the requirements of the domestic market.

Marginal cost pricing should not be confused with "dumping", a practice considered unacceptable under the international General Agreement on Tariffs and Trade (GATT). Price "dumping" has occurred whenever the purchase price or the exporter's selling price is, or is likely to be, less than the foreign market value. Simply stated, in "dumping" the product is sold at less than its fair value.

When one does business overseas, it is important that *everything* be spelled out in the sales contract; nothing should be assumed or left to chance. The more information that the price quotation provides to a potential consumer concerning the cost of the goods delivered to his yard, the more likely is it that a sale will be negotiated.

Foreign freight-forwarding firms can provide much of the cost information, plus additional data on shipping ports, schedules, etc., and can handle all shipping details (for further details, refer to Shipment of the Product).

The best method of quoting prices abroad is known as CIF (cost, insurance, and freight). CIF

means that the seller is quoting a price that includes the total cost of the goods, and of insurance and transportation, as well as miscellaneous charges, to the point of debarkation from the ship at a designated overseas port. It is fairly simple for the buyer to determine how much it will cost to get the goods from the overseas port to his plant.

C & F (cost and freight) means that only the cost of the goods and the transportation charges are being paid by the seller to the specified point of debarkation.

The designation f.a.s. (free alongside ship) means that the seller is quoting a price that includes the cost of all service charges and delivery of the wood products to the side of a ship. An f.a.s. statement usually includes the port of shipment, e.g., f.a.s. Port Everglades, Florida.

The designation f.o.b. (free on board) can have several different connotations, e.g., f.o.b. Rolla, Missouri, might mean that the price is for goods at the mill site, whereas f.o.b. Port Everglades might mean that the quoted price covers the delivery of goods to Port Everglades. An f.o.b. statement can also include the name of the ship transporting the goods overseas, in which case the freight would be loaded on the ship already packaged for and ready to leave the U.S. port.

In addition to specifying the delivery terms, a price quotation should set the time and date of shipment and specify the terms of payment. The description should include total gross weight and net shipping weight and the total cubic volume packed for export. This information helps the buyer to determine what special handling and unloading equipment may be required, and assists him in computing transportation charges, if they are applicable. It will also tell him approximately when to expect the shipment. Terms of payment are discussed below in the section entitled Payment for the Product.

Foreign companies often quote a price of f.o.b. a specific U.S. port. Under these circumstances, there is little negotiation; the price is either accepted or rejected. Generally, this price is higher than that in the domestic market.

If an exporter is dealing with a relatively new importer of forest products, he may need some guidance in setting a price that fits the general range of the market. The monthly Department of Commerce bulletin, *U.S. Exports, Schedule B, Commodity by Country, FT-410*, (see page 5) can provide the needed information. For instance, the

November 1975 issue of FT-410, under Commodity Classification 2423140 entitled Roundwood Products (oak sawlogs, veneer logs, and bolts, in the rough) shows that, for that month, 878,000 board feet of oak logs were exported to West Germany at a value (f.a.s. a U.S. port) of \$827,057. The cumulative total of oak sawlogs, veneer logs, and bolts shipped to West Germany from January to November 1975 was 5,418,000 board feet with a value of \$5,498,694. Therefore, if a West German customer were interested in buying oak veneer logs, the price negotiated should be no lower than the average price of logs shipped to that country in that 11-month period, in this case, \$1,014.89 per thousand board feet log scale. This price should be the starting point for any negotiations. If this was the average price paid by West German customers, obviously many logs were sold at much higher prices.

In the same 11-month period, 138,334,000 board feet of rough-sawn spruce lumber with a value, f.a.s. U.S. port, of \$30,971,339 was shipped to Japan. The average price was \$223.89 per thousand board feet, which should be the starting figure for any negotiations.

In the same period, a total of 64,449 short tons of pulpwood chips with a value, f.a.s. U.S. port, \$3,161,025 was shipped to Sweden. The average price was \$49.05 per short ton.

The prices derived from the FT-410 bulletin are, at best, average; the more successful international traders are receiving prices higher than those listed.

Payment for the Product

There are several methods of payment for products shipped overseas; some are identical to those used in the domestic market.

For the seller, *cash in advance* is the most desirable means of payment, but the chances of making such a financial arrangement is slight. At the other extreme, selling on an *open account* (i.e., the seller extends to the buyer a free line of credit) is very dangerous unless the buyer is of unquestionable integrity. The integrity of the buyer can be determined by a proper credit investigation (discussed below). Caution is advised in offering an open account to any buyer with whom there have been no prior dealings.

By far the most common method of payment,

and perhaps, the most advantageous to the producer, is by *letter of credit*. Basically, a letter of credit is issued by a bank at the buyer's request in favor of the seller (the domestic producer), promising to pay the contract price once the bank has received and accepted certain documents within a specific period. A letter of credit may be either revocable or irrevocable. Sellers prefer an irrevocable letter of credit, for once the credit has been accepted by the seller, the letter cannot be revoked by the buyer without permission of the seller. When this arrangement is used, it is wise to have the foreign buyer confirm the irrevocable letter of credit with a U.S. bank, preferably the one with which the seller does business. The principal advantage of the letter of credit is that the U.S. bank assumes responsibility for paying the seller, regardless of the financial condition of the foreign buyer. Should the buyer default, the seller must present certain documents, specified in the sales contract to the U.S. bank holding the letter of credit in order to receive payment. These documents may include the original order, bill of lading, invoices, packing lists, insurance and inspection certificates, etc.

Fees charged by a bank for handling a letter of credit are normally paid by the buyer, but this responsibility should be spelled out in the sales contract or in the terms of agreement.

Sight drafts are similar to letters of credit, but are not as secure. Certain risks to the seller remain, and are affected by the buyer's ability to pay, political upheavals, etc.

Delivery orders are used in some instances when negotiable bills of lading are involved. A delivery order authorizes a third party (e.g., an import broker) to release the shipment to the bearer. The buyer's bank holds the original document of the delivery order. Like the letter of credit and the sight draft, the delivery order protects the seller.

Consignment sales in export are handled as they are in the domestic market, but they are rarely used in the buying and selling of logs, lumber, or chips.

Additional information on any of these methods of payment can be obtained from the International department of any commercial bank.

It is important to determine which means of payment is acceptable to a buyer, because practices vary throughout the world. Buyers in Western European markets consider insistence on

a letter of credit an insult to their integrity. They also do not like to tie up capital, hence they prefer an open account. In markets in which interest rates are very high, the extension of credit for 30 to 180 days may retain a buyer. Such an extension can be achieved by a letter of credit or a time draft, either of which simply defers payment for a specific period. It is necessary for a seller to check the reliability of a foreign buyer before entering into a sales agreement. Several sources of the necessary information exist. The U.S. Department of Commerce publishes the *World Traders' Data Report*, a business analysis of foreign companies prepared by the U.S. Foreign Service. The information in these reports includes the size of a company, its reputation, the number of employees, financial references, the worthiness of its principals, an analysis of its products, and trends in the company's development. The Commerce Department charges \$15.00 for such a report on any firm.

Other sources of information about a company's reliability are commercial credit-reporting bureaus, such as Dun & Bradstreet, the Retail Credit Corporation, or the Foreign Credit Exchange Bureau as well as major U.S. commercial banks, international departments of which can readily obtain credit information about a potential client. It is advisable for the seller to utilize several sources of credit information about a prospective buyer before entering into a contract.

Once a buyer's credit has been established, there is no reason to refuse credit. The extension of credit often removes the last obstacle to consummation of a sale.

Losses on credit sales can be minimized by obtaining insurance from the Foreign Credit Insurance Association (FCIA), One World Trade Center, 9th Floor, New York, NY 10048. FCIA offers exporters both short- and medium-term policies that insure against virtually any commercial loss, including those resulting from default or political upheavals. The contract price should include the cost of insurance premiums. If the foreign buyer has a cash flow problems, he may be willing to pay the higher price resulting from purchase of the necessary insurance.

Export Financing

Assume that a producer has just negotiated a contract for the sale of a million board feet of hard maple lumber to be delivered to Boston harbor for export 6 months from today. This is the seller's first contract with an overseas market, and he promptly finds himself short of working capital needed for the new international business. He may, of course, use his own working capital or a line of credit extended by a local bank, but that might restrict his cash flow. A more flexible arrangement can be achieved if the seller obtains international financing from a commercial bank. More than 250 banks in the United States have international banking departments, and many have corresponding relationships with smaller affiliate banks. A local banker may be able to arrange a separate export line of credit to assist in financing, or may be able to advise the seller of the location of the nearest bank that can provide this service.

Another source of financing is a factoring house. In the domestic lumber market, factoring is common, and a number of factoring establishments deal with accounts receivable from exporters in the United States. They will often purchase accounts receivable without recourse, i.e., the seller will receive payment as soon as his product has been exported.

A number of Export Management Companies are able to assist in financing exports. As discussed above, EMC's may also finance sales, thus reducing the seller's risk and assuring immediate payment.

Sellers already or contemplating entry into the export business should become acquainted with the Export-Import Bank, commonly referred to as Eximbank. Eximbank is a U.S. Government-owned corporation that assists in financing and facilitating the export of U.S. goods and services. Eximbank does not provide subsidized financing or foreign aid, but it does supplement and encourage the commercial financing of U.S. exports. Eximbank programs that support sales abroad include FCIA insurance, commercial bank guarantees, discount loans, and cooperative financing.

Under an agreement with Eximbank, FCIA offers U.S. exporters a variety of insurance policies covering the commercial and political risks of non-payment in either short- or medium-term export sales. Commercial risks involve insolvency of the buyer or failure of the buyer to pay the amount due within 6 months after the due date. Political risks include the inability to convert local currency payments into dollars, cancellation of export licenses, expropriation or confiscation of property, and losses due to war, revolution, or civil disturbances.

A commercial bank guarantee helps exporters provide medium-term credit to foreign customers. Eximbank's guarantee protects the commercial bank that is financing a sale from most of the commercial and political risks of nonpayment. The lumberman arranges the financing with his own bank and then applies through Eximbank for the guarantee, which is issued when shipment has occurred and the promissory note has been received by the exporter.

Both FCIA and the commercial bank guarantee offer similar protection in the case of a specific individual, medium-term transaction. FCIA covers a slightly greater percentage of the commercial risks. Their insurance is also available for short-term sales, whereas commercial bank guarantees are not.

Eximbank provides discount loans to U.S. commercial banks that provide export financing at medium-term (2 to 5-year repayment), fixed rates. The commercial bank obtains an advance commitment for a discount loan before shipment of the product. Once the advance commitment has been received, and before the bank's export loan has been repaid, the bank may borrow up to the amount of the outstanding loan for Eximbank.

If a foreign buyer is short of funds, he too may go to Eximbank for help through his local bank under a Cooperative Financing Facility (CFF) Agreement. If the bank agrees to make the loan at its own risk, it will apply to Eximbank for an export loan under its overall facility. Eximbank lends the cooperating bank half the funds required for each export loan. Once Eximbank's approval has been received, the foreign bank will extend the loan.

Additional information on all Eximbank services may be obtained from The Public Affairs Office, Export-Import Bank of the United States, 811 Vermont Avenue N.W., Washington, DC

20571. Private Export Funding Corporation (PEFCO), a privately owned corporation, will finance on a fixed-rate basis portions of those major transactions in which Eximbank participates. Under Eximbank financial guarantee, PEFCO will extend loans with maturities that are longer than those normally available from U.S. commercial banks. PEFCO is located at 280 Park Avenue, New York, NY 10017.

Shipment of the Product

Most foreign companies recognize American grades and standards as published by the National Hardwood Lumberman's Association (NHLA). It is essential that both the buyer and the seller know exactly the quantity, quality, specifications, and measurements of the product being sold. A foreign buyer might purchase logs described in terms of the Brereton scale, one that is very familiar to him, but unknown to the domestic producer. Lumber may be described either in terms of the usual method of measurement or in terms of export measure, which uses the exact dimensions of a board. Quantities of chips may be stated in short tons or in metric tons. The seller must know the exact specifications of the product the foreign buyer expects to receive. The most common export units for wood commodities and appropriate conversion factors are shown in Appendix D.

The minimum quantities the exporter should consider sending overseas depend on the product. For lumber, about 25,000 board feet would be the smallest quantity considered economical to export. For chips, 10,000 tons (the capacity of a lash barge) per month would be the smallest quantity one should consider exporting. For logs, the minimal size of the economical shipping lot would depend principally on species. Some high-value species, such as walnut, could be exported in lots as small as one gondola car, about 6,000 board feet log scale. In contrast, a 1977 shipment of logs from the Northeast destined for Scandinavia was approximately 1.5 million board feet. With the possible exception of chips, most wood products will be shipped in less than shipload lots.

Delivery of lumber, chips, or logs to a port by use of normal truck or rail transportation should present no problem. Once the product has reached port, however, the seller may wish to negotiate with a foreign freight forwarder, who acts as an

agent for the exporter in delivering the cargo from the U.S. port to its destination. Forwarders charge either a flat rate or a percentage of the contract price. It is usually advisable to utilize services of a forwarder, who knows the export regulations both at home and abroad and is knowledgeable in preparing the documents required in foreign trade. Sellers should check with more than one forwarder to insure that prices are competitive and that all services to be rendered have been put in writing.

Shipment of a cargo that is less than a shipload lot requires use of a scheduled shipping line that serves the ultimate destination. Because no scheduled shipping lines serve the area north of New York City, shipment from these areas requires the chartering of a ship. The per-unit rates of foreign charters are generally lower than those of scheduled steamship lines. Scheduled steamship line rates differ for conference and nonconference lines. Conference rates are similar in uniformity to established airline rates. When nonconference rates apply, the exporter and the steamship line negotiate the rate, demurrage, loading time, etc. Generally, nonconference rates are substantially lower than conference rates. Usually, both shipment and collection documents will have to be completely filled out by either the exporter or the foreign freight forwarder.

Shipment documents are licenses used to regulate the export of merchandise. Export of special items and scarce materials requires a validated export license. For most other materials, only a general license is required. Obtaining validated export license requires more paperwork than does a general license; the former is obtainable only on request, whereas the latter is easily obtained. The seller must determine what type of license, if any, is required before he agrees to fill an order. The Shipper's Export Declaration records the license and is a source of statistical data for the Bureau of Census.

Collection documents are submitted to the foreign customer or his representative in order to obtain payment. These documents vary in type according to the customer, country, mode of transport, and method of payment, as discussed earlier in the section on Payment for the Product.

As in the domestic market, commercial invoices describe the merchandise and identify all the supporting shipment data. Some foreign customers require a consular invoice, which is written in the

purchaser's language, visaed by the resident consul.

Certificates of origin vary in format and method of preparation. In most cases, they are used to establish preferential duties, where these are applicable.

An inspection certificate is required to verify the terms of the sale, and it may be provided by the shipper, purchaser, or an independent party, as specified by the buyer.

Requirements for bills of lading, as in domestic sales, are affected by the mode of transport and the method of payment. Any number of bills of lading may be required by the buyer, particularly in the case of ocean shipments.

If the seller is responsible for moving the shipment to dockside, a dock or warehouse receipt may be required.

Insurance certificates are sometimes also required.

Information about any of these documents or assistance in their preparation may be obtained from any U.S. Department of Commerce district office.

Advertising and Promotion

As in the domestic market, the exporter should determine whether the potential benefits resulting from advertising and promotion warrant the additional expense. An exporter or a U.S. advertising agency may promote a product overseas, if regulations permit; otherwise, affiliates of U.S. firms overseas or foreign advertising firms may provide alternative ways of doing so. The International Advertising Association, Inc., 475 Fifth Avenue, New York, NY 10017, can assist the small wood-products firm in selecting a foreign advertising firm. Promotional plans require knowledge of the advertising regulations in foreign countries.

The U.S. Department of Commerce sponsors a number of promotional opportunities for the exporter, including catalog exhibitions, international trade fairs, U.S. trade center exhibitions, U.S. technical sales seminars, trade missions, and in-store promotions. Information about these programs may be obtained from any U.S. Department of Commerce district office or from the Bureau of International Commerce of the Domestic and International Business Administration, Washington, DC 20230.

Appendixes

A. Sources of Information for Exporters

1. **A Basic Guide to Exporting**, U.S. Department of Commerce, Domestic and International Business Administration, August 1976. For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. Price \$1.25.
2. **A Guide to Financing Exports**, U.S. Department of Commerce, Domestic and International Business Administration, August 1975.
3. **Export Marketing for Smaller Firms**, Third edition, Small Business Administration, Office of Management Assistance, August 1971. For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. Price \$1.30.
4. **Service Guide; Ship Your Cargo on U.S. Flag Ships**, U.S. Department of Commerce, Maritime Administration, June 1975.
5. **U.S. Exports — Schedule B, Commodity by Country**, Report FT-410, U.S. Department of Commerce, Bureau of the Census, published monthly. For sale by the Superintendent of Documents, U.S. Government Printing Office and the Department of Commerce. Price: Annual subscription \$122.20, single issue \$10.20.
6. **World Trade Data Yearbook Issue**. Business Abroad. 466 Lexington Ave., New York, NY 10017.
Lists sources of information on international marketing, finance, communication, transportation, U.S. Department of Commerce foreign contacts, U.S. buying agencies, advertising and media services. Includes major shipping lines and air services; contains services and insurance underwriters. 80 pp. \$15.00
7. **The International Market Guide—Latin America**. Dun and Bradstreet. 99 Church Street, New York, NY 10007.
Lists city, population, financial facilities, business name, address capital strength, appraisal, trade procedures, and trade classification. Includes selected Latin and South American countries. Published twice a year in January and July in two volumes. Contact publisher for price.
8. **International Reference Handbook of Marketing and Advertising Channels**. (Volume 1 of "American Encyclopedia of International Information") World Trade Academy Press, Inc. 50 E. 42nd St. New York, NY 10017.
Lists marketing services and organizations in 121 countries; publications, economic and trade information, diplomatic and consular representation; marketing research organizations; trade and investment; legal regulations, business directories; bibliographies. 606 pp. Biennially. \$25.00.
9. **World Knowledge Information Annual**. International Technical Information Institute. Rion Bldg., 1-65 Nishishimbaski, Minatoku, Tokyo, Japan 105.
Contains information on commodities, marketing functions, methods, operations, areas, and markets for industries in all countries. 600 pp. Annually.
10. **Exporters Financial and Marketing Handbook**. Noyes Data Corp. Noyes Bldg., Park Ridge, NJ 07656.
Source guide for exporting information. Lists financing programs and international agencies and sources of statistics and other exporting information. 308 pp. \$18.00.
11. **Handbook of Marketing Research in Europe**. European Society for Opinion and Market Research.
Lists organizations, publications, and periodicals in Europe that deal with services and market research. 465 pp. \$17.50
12. **The International Market Guide—Continental Europe**. Dun and Bradstreet, Inc.
Listings include city, population, banking facilities, business name, address, function, products, trade code, financial strength, and trade procedures. In three volumes: I. Austria, Denmark, Finland, Germany, Norway, Sweden (1200 pp). II. Belgium, France, Luxembourg, Monaco, Netherlands (2000 pp). III. Andorra, Greece, Italy, Liechtenstein, Portugal, San Marino, Spain, and Switzerland (2600 pp). Published annually in January; supplements in May and September. Contact publisher for price.
13. **International Directory of Marketing Research Houses and Services**. American Marketing Association. New York Chapter,

- Inc. 60 E. 42nd St. New York, NY 10017.
Describes marketing and related services offered in 36 countries. Lists officers, branch locations, telephone numbers, addresses. Annual. \$15.00.
14. **Marketing and Management.** CBD Research Ltd., 154 Beckenham Kent B R 3—iEA, England.
Lists association, governmental, and other organizations dealing with marketing, management and related areas in various countries of the world. 230 pp.
 15. **American register of Exporters and Importers.** American Register of Exporters and Importers, Inc., 90 W. Broadway, New York, NY 10007.
Importers and exporters are indexed by products, name of firm. Includes officials, banks, airlines. Annual. \$20.00.
 16. **Bradford's Directory of Marketing Research Agencies and Management Consultants in the U.S. and the World.** Bradford's Directory. Lists research agencies and consultants in the world. Includes description of services, locations, staff. Includes classified indexes. 288 pp. Biennially. \$23.50.
 17. **Market Surveys by Products and Countries.** International Trade Center.
Current and on-going product surveys in various areas of the world. Consult publisher for listings.
 18. **Sources for Market Research Statistics—Europe.** CBD Research Ltd. Lists data sources on marketing research in Europe. Includes libraries, and other data and services. 256 pp. \$18.00.
 19. **Annotated Bibliography of International Marketing and Export Promotions.** International Trade Center, UNCTAD/GATT Palais des Nations, CH-1211, Geneva, 10, Switzerland.
Lists books and other sources of information about international marketing and exporting promotion.
 20. **International Bibliography of Marketing and Distribution.** R.R. Bowker Co., P.O. Box 1807, Ann Arbor, MI 48106.
Lists books and articles published in 1969-1970 relating to marketing and distribution in foreign countries. Indexed by major categories and subject areas. 640 pp. \$36.50.
 21. **Analytical Bibliography—Market Surveys by Products and Countries.** International Trade Center.
Describes books and miscellaneous information on marketing and foreign market surveys. \$5.00.
 22. **Bibliographical Services Throughout the World.** UNESCO Publications Center.
Lists bibliographical services in all countries and international organizations. 228 pp. \$9.00.
 23. **International Bibliography of Marketing and Distribution.** R.R. Bowker Co.
Lists books and articles on marketing and distribution published in 1969-1970. Arranged under major categories and specific subject areas. 640 pp. \$36.50.
 24. **Croner's Reference Book for World Traders.** Croner Publication, Inc., 211-05 Jamaica Ave., Queens Village, NY 11428.
Lists sources of information for exporters and importers. Includes banks, custom brokers, lawyers, market research, financial, industry and professional associations. Data on 187 countries. Two volumes. 595 pp. Annual. \$25.00.
 25. **Dun and Bradstreet Exporters' Encyclopedia.** Dun and Bradstreet, Inc. Lists sources of information on ports, transportation, foreign government information services, consulates, trade organizations, and international organizations. 1020 pp. Annual.
 26. **Guide to Foreign Trade Statistics.** Superintendent of Documents. Describes published foreign trade reports, references, and statistics relating to foreign trade. \$1.75.
 27. **World Wide Business Publication Directory.** Simon and Schuster, Inc., 1 W. 39th Street, New York, NY 10018.
Lists business, trade and professional publications published in all regions of the world. 600 pp. \$25.00.

B. U.S. Department of Commerce District Offices

The Department of Commerce maintains 43 district offices that bring its services to the doorsteps of the nation's businessmen. Experienced specialists provide a wealth of information about international and domestic trade, and furnish aid as well.

District offices maintain an extensive business reference library containing periodicals, directories, publications and reports from both official and private sources. Most district offices act as official sales agents for the Superintendent of Documents and stock Commerce Department and other selected official government publications relating to business.

ALABAMA, BIRMINGHAM 35205

Suite 201
908 So. 20th Street
(205) 254-1331

ALASKA, ANCHORAGE 99501

412 Hill Building
632 Sixth Street
(907) 265-5307

ARIZONA, PHOENIX 85004

508 Greater Arizona Savings Bldg.
112 No. Central Avenue
(602) 261-3285

CALIFORNIA, LOS ANGELES 90049

Room 800
11777 San Vicente Blvd.
(213) 824-7591

***CALIFORNIA, SAN FRANCISCO 94102**

Federal Building, Box 36013
450 Golden Gate Avenue
(415) 556-5860

COLORADO, DENVER 80202

New Customs House
Room 165
19th & Stout Streets
(303) 327-3246

CONNECTICUT, HARTFORD 06103

Room 610-B
450 Main Street
(203) 244-3530

FLORIDA, MIAMI 33130

City National Bank Bldg.
25 W. Flagler Street
(305) 350-5267

***GEORGIA, ATLANTA 30309**

Suite 600
1365 Peachtree Street, N.E.
(404) 526-2470

***GEORGIA, SAVANNAH 31402**

235 U.S. Courthouse & Post
Office Bldg.
125-29 Bull Street
(912) 232-4321

HAWAII, HONOLULU 96813

286 Alexander Young Bldg.
1015 Bishop Street
(808) 546-8694

***ILLINOIS, CHICAGO 60603**

1406 Mid Continental Plaza
55 E. Monroe Street
(312) 353-4450

INDIANA, INDIANAPOLIS 46204

357 Federal Bldg.
Courthouse
(317) 269-6214

IOWA, DES MOINES 50309

609 Federal Bldg.
210 Walnut Street
(515) 284-4222

LOUISIANA, NEW ORLEANS 70130

432 International Trade Mart
No. 2 Canal Street
(504) 589-6546

MARYLAND, BALTIMORE 21202

415 U.S. Courthouse
Guy & Lombard Streets
(301) 962-3560

MASSACHUSETTS, BOSTON 02116

Tenth Floor
441 Stuart Street
(617) 223-2312

MICHIGAN, DETROIT 48226

445 Federal Bldg.
231 W. Lafayette
(313) 226-3650

MINNESOTA, MINNEAPOLIS 55401

218 Federal Bldg.
110 So. Fourth Street
(612) 725-2133

MISSOURI, ST. LOUIS 63105

120 Central Avenue
(314) 425-3302

NEBRASKA, OMAHA 68102

1815 Capitol Avenue
Suite 703 A Capitol Plaza
(402) 221-3665

NEVADA, RENO 89502

2028 Federal Bldg.
300 Booth Street
(702) 784-5203

NEW JERSEY, NEWARK 07102

Fourth Floor, Gateway Bldg.
Market Street & Penn Plaza
(201) 645-6241

NEW MEXICO, ALBUQUERQUE 87101

U.S. Courthouse, Room 316
421 Gold Street
(505) 766-2386

NEW YORK, BUFFALO 14202

Room 1312, Federal Bldg.
111 W. Huron Street
(716) 842-3208

***NEW YORK, NEW YORK 10007**

38th Floor, Federal Office Bldg.
26 Federal Plaza, Foley Square
(212) 264-0634

NORTH CAROLINA, GREENSBORO 27402

203 Federal Bldg.
W. Market Street
P.O. Box 1950

(919) 275-9111 Ext. 345

OHIO, CINCINNATI 45202

10504 Federal Office Bldg.
550 Main Street
(513) 684-2944

OREGON, PORTLAND 97204

Room 618
1220 S.W. Third Avenue
(503) 221-3001

***PENNSYLVANIA, PHILADELPHIA 19106**

9448 Federal Bldg.
600 Arch Street
(215) 597-2850

PENNSYLVANIA, PITTSBURGH 15222

2002 Federal Bldg.
1000 Liberty Avenue
(412) 644-2850

PUERTO RICO, SAN JUAN 00902

Room 100
Post Office Bldg.
(809) 723-4640

SOUTH CAROLINA, COLUMBIA 29204

2611 Forest Drive
Forest Center
(803) 765-5345

TENNESSEE, MEMPHIS 38103

Room 710
147 Jefferson Avenue
(901) 524-3213

***TEXAS, DALLAS 75202**

Room 7A5
1100 Commerce Street
(214) 749-1515

TEXAS, HOUSTON 77002

1017 Old Federal Bldg.
201 Fannin Street
(713) 226-4231

UTAH, SALT LAKE CITY 84138

1203 Federal Bldg.
(801) 524-5116

VIRGINIA, RICHMOND 23240

8010 Federal Bldg.
400 No. Eighth Street
(804) 782-2246

WASHINGTON, SEATTLE 98109

706 Lake Union Bldg.
1700 Westlake Avenue No.
(206) 442-5615

WEST VIRGINIA, CHARLESTON 25301

3000 New Federal Office Bldg.
500 Quarrier Street
(304) 343-6181 Ext. 375

WISCONSIN, MILWAUKEE 53202

Federal Bldg.
519 E. Wisconsin Avenue
(414) 224-3473

WYOMING, CHEYENNE 82001

6022 O'Mahoney Federal Center
2120 Capitol Avenue
(307) 778-2151

*Regional Office

C. Wood Commodities Exported by the U.S.A. in 1975

(MORE THAN \$100,000/YEAR)

Commodity	Countries (in descending order of export value)	Average f.a.s.* Export Value/Unit
<i>Roundwood Products</i>		
Douglas fir sawlogs, veneer logs and bolts, in the rough	Japan, Korea, Canada, Spain, Peru, Qatar	\$271.49/M bm
Douglas fir sawlogs, veneer logs and bolts, roughly squared, quartered or halved	Japan, Phillipines, Canada	\$239.35/M bm
Maple sawlogs, veneer logs and bolts, in the rough	Canada, Italy, Japan	\$154.70/M bm
Oak sawlogs, veneer logs and bolts, in the rough	W. Germany, Switzerland, Spain, Brazil, Canada, Netherlands Japan, Belgium, Denmark, France, Saudi Arabia, Italy	\$612.78/M bm
Port Orford Cedar sawlogs, veneer logs and bolts, in the rough	Japan, Italy, W. Germany, Netherlands, Canada	\$594.65/M bm
Port Orford Cedar sawlogs, veneer logs and bolts, rough squared, quartered or halved	Japan	\$676.76/M bm
Pulpwood, except chips	Canada, Japan, Italy	\$32.22/cd.
Walnut logs and bolts, rough squared, quartered or halved	France	\$1,166.17/M bm
Walnut sawlogs, veneer logs and bolts, in the rough	W. Germany, Italy, Switzerland, Brazil, Mexico, Canada, Japan, France, Spain, Denmark, Romania, Poland, Netherlands, Belgium	\$2,188.88/M bm
Western Hemlock sawlogs, veneer logs and bolts, in the rough	Japan, Korea, Canada, Qatar	\$255.46/M bm
Western Red Cedar sawlog, veneer logs and bolts, in the rough	Japan, Canada	\$265.69/M bm
Wood Piling	Canada, Japan, Phillipines	\$0.99/lin. ft.
Wood Utility Line Poles	Canada, Japan, Mexico, Jamaica, Panama, Dominican Republic, Nicaragua, Saudi Arabia, Israel, Iceland, Haiti, Peru, Chile, Bahamas, Phillipines, S. Viet Nam	\$80.32/piece
<i>Sawn Products - Lumber</i>		
Ash & Hickory Lumber - Rough Sawn	Canada, U.K., West Germany, China (Taiwan)	\$312.43/M bm
Cedar Lumber, Dressed	Canada, Japan, French Pacific Islands	\$264.07/M bm

CONTINUED

Commodity	Countries (in descending order of export value)	Average f.a.s.* Export Value/Unit
Cedar Lumber - Rough Sawn	Canada, Japan, Australia, West Germany, Netherlands U.K., Mexico, New Zealand	\$283.42/M bm
Douglas fir lumber, Dressed	Canada, Japan, Mexico, French Pacific Islands, Other Pacific Islands, Trust Territory of Pacific Islands, Iran, British Pacific Islands, Qatar, Bahamas, Zaire, Australia, Iceland, Ireland, Western Samoa	\$199.00/M bm
Douglas fir lumber, rough sawn under 2 inches	Canada, Australia, Japan, West Germany, U.K., Lebanon, South Africa, Italy, France, Netherlands, Belgium, Spain, Saudi Arabia, Greece, Trust Territory of Pacific Islands	\$271.91/M bm
2 - 5 inches	Greece, Belgium, Peru, Netherlands, Lebanon, France, South Africa, Mexico, Saudi Arabia, Denmark, N. Zealand, USSR, Switzerland, Ja- maica, Bolivia, Norway	
Douglas fir lumber, rough sawn 5 inches and over	Australia, Canada, Italy, Japan, Peru, U.K., Belgium, South Africa, West Germany, Netherlands, Saudi Arabia, Mexico, Hong Kong	\$255.75/M bm
Hard Maple Lumber - rough sawn	Canada	\$217.89/M bm
Hardwood Railroad Ties and Mine Ties	Canada, Mexico, Peru, Venezuela	\$203.99/M bm
	Canada, Mexico, Jamaica	\$201.77/M bm
Ponderosa Pine Lumber - rough sawn	Canada, Mexico, France	\$253.04/M bm
Red Oak Lumber - rough sawn	Canada, Netherlands, Belgium, Norway, West Germany, Ireland U.K.	\$342.23/M bm
Redwood Lumber, Dressed	Canada, West Germany, Norway	\$439.75/M bm
Redwood Lumber - rough sawn	Canada, West Germany, Netherlands, Australia, New Zealand, Jamaica, U.K., Phillipines	\$437.61/M bm
Softwood Flooring	Canada	\$195.81/M bm
Softwood Railroad Ties and Mine Ties	Canada	\$135.46/M bm
Southern Pine Lumber, Dressed	West Germany, Canada, Bahamas, Italy, Jamaica, Haiti, Dominican Republic, Bermuda, Netherlands, Mexico	\$267.11/M bm
Southern Pine Lumber - rough sawn	West Germany, Italy, Canada, Spain, Libya, Netherlands, Canada	\$311.57/M bm
Spruce Lumber, Dressed		\$217.02/M bm
Spruce Lumber - rough sawn	Japan, Canada, Jamaica, West Germany, Korea,	\$224.81/M bm
Walnut Lumber - rough sawn	Canada, West Germany, Sweden, Japan	\$820.96/M bm
Western Hemlock Lumber, Dressed	Japan, Canada, Australia	\$239.21/M bm
Western Hemlock Lumber - rough sawn	Japan, Korea, Canada, Australia, U.K., France, Argentina, West Germany, Italy	\$209.57/M bm
White Oak Lumber - rough sawn	Spain, Canada, West Germany, Netherlands, Japan, France, Norway, U.K., Belgium	\$622.55/M bm

CONTINUED

Commodity	Countries (in descending order of export value)	Average f.a.s.* Export Value/Unit
White Pine Lumber, Dressed, including Sugar Pine	Canada, Mexico, Israel	\$207.88/M bm
White Pine Lumber - rough sawn, includ- ing Sugar Pine	Canada, Mexico, Australia, Italy	\$218.50/M bm
<i>Sawn Products - Other</i>		
Beadings and Moldings, Wooden	Canada	N/A
Bocks & Billets, Ski Hardwood Dimen- sion Stock	Norway, Sweden, West Germany	\$876.23/M bm
Blocks, Sticks or Rods, Wooden Suitable for Tool Handles, Walking Sticks, etc.	Mexico, Canada, Sweden	N/A
Handle Blanks	Canada, U.K., Sweden	\$459.63/M bm
Heading, Tight, for Cooperage, New	U.K., Canada	\$8.40/set
Oak Flooring	Canada	\$255.58/M bm
Shook, Box	Canada, Jamaica, Leeward and Windward Islands	\$295.43/M bm
Shuttle, Block Blanks	U.K., Canada	\$938.93/M bm
Staves; Riven or Sawn, Stack, Unfinished	Japan	\$5.30/set
Staves; Riven or Sawn Tight, Unfinished	Japan, Spain, U.K.	\$17.24/set
Staves, Tight, for Cooperage, New	Canada, Spain, U.K., Japan	\$25.33/set
<i>Veneer and Plywood</i>		
Plywood, Hardwood	Canada, Mexico, West Germany, Bahamas, U.K., Zaire	\$168.96/MSq.ft.
Plywood, Softwood, Exterior	Canada, Denmark, U.K., Belgium, Netherlands, West Germany, Italy, Sweden, France, Japan, Mexico, French Pacific Islands, Ireland, Saudi Arabia, Jamaica, Bahamas, Dominican Republic, Switzerland, Panama, Trust Territory of Pacific Islands, Leeward and Windward Islands, Netherlands Antilles, Australia, Haiti, Indonesia	\$158.63/MSq.ft.
Plywood, Softwood, Interior	Canada, Mexico, Bahamas, U.K., Phillipines, Peru	\$163.16/MSq.ft.
Veneers, Hardwood, Special and Face Type, except Walnut	West Germany, Canada, Austria, Netherlands	\$58.63/MSq.ft.
Veneers, Softwood	Canada, West Germany, Ivory Coast, Switzerland	\$42.83/MSq.ft.
Veneers, Walnut, Special and Face Type	West Germany, Canada, Sweden, Switzerland	\$86.97/MSq.ft.
<i>Miscellaneous Products</i>		
Containers, Packing, Wooden, Assem- bled	Canada, U.K., West Germany, Mexico	N/A

CONTINUED

Commodity	Countries (in descending order of export value)	Average f.a.s.* Export Value/Unit
Fuel Wood & Wood Waste	Canada, Mexico, Japan	N/A
Pallets and Skids	Canada, Mexico	\$5.58/each
Pulpwood in Chip Form	Japan, Sweden, Canada, France	\$36.39/stn.
Slats, Pencil	Japan, West Germany, Mexico, France, U.K., Spain, Canada, Turkey, Czechoslovakia, Venezuela, Italy, Austria, Australia, Peru, Korea, Colombia, Yugoslavia, Argentina, China Taiwan, Netherlands, Ireland, El Salvador, Switzerland, Pakistan, South Africa, Israel, Poland, Iraq, Egypt	\$1.11/gr.
Wood Charcoal	Canada, Netherlands	\$0.06/lb.
Wood, Reconstituted, or Particle Board	Canada, Mexico	\$0.13/ft.
Wood Wool or Excelsior, and Wood Flour	Canada, Mexico, France	N/A

*f.a.s. = free alongside ship

**M bm = thousand (feet) board measure

N/A = not applicable

lin. ft. = linear foot

MSq. ft. = thousand square feet

stn. = short ton

Conversion Factors

EXPORT UNITS FOR WOOD COMMODITIES

CONVERSION FACTORS

1 cubic meter	= 1 stere
	= 1 raumeter
	= 35.3145 cubic feet
	= 0.35314 cunit
	= 3.5314 Koku
	= 0.276 cord
	= 424 Brereton board feet
	= 221 Scribner board feet
1 cubic foot	= 0.02832 cubic meter
1 standard	= 1 Petrograd
	= 165 cubic feet
	= 4.672 cubic meters
1 Koku	= 10 cubic feet
	= 0.28 cubic meter
	= 120 Brereton board feet
1 Hoppus cubic foot	= 1.273 cubic feet
	= 0.03605 cubic meter
	= 0.06545 Brereton board foot
1 Brereton board foot	= 0.08 cubic foot
	= 0.00236 cubic meter
	= 15.279 Hoppus cubic feet
1 unit	= 200 cubic feet
	= 5.66 cubic meters
1 cunit	= 100 cubic feet
	= 2.8316 cubic meters
1 bone dry unit	= 2,400 pounds
1 cord	= 128 cubic feet
	= 3.624 cubic meters
1 metric ton	= 1 tonne
	= 1,000 kilograms
	= 2,204.6 pounds
	= 0.9842 long ton
	= 1.1023 short tons
1 short ton	= 0.9072 metric ton
	= 2,000 pounds
1 long ton	= 1.0160 Metric tons
	= 2,240 pounds
1 kilogram	= 2.2046
1 pound	= 0.4356 kilogram

D. Trade Opportunities Program Inquiry

Hypothetical example of inquiry available to subscribers to the Department of Commerce's Trade Opportunities Program.

SUBJ: PRIVATE TRADE OPPORTUNITY
PLEASE NOTE LAST PARA, ITEM 10 RE.
U. S. SOURCES ALREADY CONTACTED.

1. 405/01/P00003
2. 082275
3. TOKYO
4. JAPAN
5. A
- 6A. CONTACT AGENT BY *AIRMAIL*—
- 6B. SEA-CO.
TOKYO
JAPAN
7. CABLE: SEA-CO; TELEX: ABC SEA-CO
8. CO. REF. LETTER MAY 76
9. 104-11. 9A. DIRECT SALE TO END-
USERS THROUGH EXCLUSIVE AGEN-
CY ARRANGEMENT WITH SEA-CO

10. DESCRIPTION.

2421577-N/A. SOFTWOOD CHIPS
SEA-CO IS A LARGE TIMBER AND LUMBER
MERCHANT, REPUTABLE AND OF SOUND
STANDING AND HAS OLD ESTABLISHED
CONNECTIONS WITH THE JAPANESE
PULP AND PAPER INDUSTRY.
ITS 1974 SALES WERE 55 MILLION.
INITIAL ESTIMATED ANNUAL SALES PO-
TENTIAL FOR CHIPS IS 500,000 METRIC
TONS, SEA-CO HAS ALREADY BEEN IN DI-
RECT CONTACT WITH ABC PAPER CO
AND XYZ CO BUT OUTCOME IS NOT YET
CLEAR. MIDDLEMEN IN SEVERAL FOR-
EIGN COUNTRIES HAVE OFFERED AMER-
ICAN CHIPS BUT SEA-CO SEEKS DIRECT
LONG-TERM ARRANGEMENT AS MANU-
FACTURERS EXCLUSIVE AGENT, SINCE
END-USER INVESTMENTS WOULD BE IN-
VOLVED TO ADAPT PORT FACILITIES TO
RECEIVE VESSELS OF SIZE ECONOM-
ICALLY FEASIBLE FOR THEIR PROJECT.

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